

Company Registration No. 00442441 (England and Wales)

ABBAY COMMERCIAL INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

ABBHEY COMMERCIAL INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	R J B Duce Esq A J C Duce Esq C A Gray Esq	(Appointed 1 June 2020)
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Company number	00442441
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Registered office	Devonshire House 1 Devonshire Street London W1W 5DR
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Auditor	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
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Business address	Rock House Great Casterton Road Stamford Lincs PE9 2YQ
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Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
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	Arbuthnot Latham & Co. Limited Arbuthnot House 7 Wilson Street London EC2M 2SN
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ABBAY COMMERCIAL INVESTMENTS LIMITED

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ABBEY COMMERCIAL INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present the strategic report for the year ended 30 June 2020.

Fair review of the business

The Group is principally engaged in property investment and development, power generation and trading in forestry.

The Group has generated a post tax profit for the year of £523,858 (2019: £15,589 loss for the year).

During the year the Group continued to develop its business and progress its key projects and the state of the affairs of the Company and Group were considered satisfactory at the year-end.

The Group's key financial performance indicators are that of rent receivable, bank loan interest payable, and net profit/(loss) after tax, which communicate the financial performance of the Group as a whole.

The key performance indicators for the last three years were as follows:-

	2020	2019	2018
	£	£	£
Rents receivable	3,673,941	3,883,902	3,877,601
Bank loan interest payable	2,241,855	2,346,780	2,128,453
Net profit/(loss) after tax and minority interests	474,136	(15,589)	4,225,984

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. In order to maintain liquidity and cash flow to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of own generated cash resources and long term debt finance. The Group's credit risk is primarily attributable to its rents receivable. The amounts presented in the balance sheet are stated net of allowances for doubtful receivables.

ABBEY COMMERCIAL INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

The main risks associated with the Group's financial assets and liabilities and set out below:-

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (rent deposits) where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the directors on an ongoing basis.

Trade receivables in the main consist of amounts due from a large number of individual tenants. The Group does not have any significant credit risk exposure to any single counterparty.

Liquidity risk management

Responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns but at all times having due regard to the bank loan covenants. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and short-term deposits and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Future developments

The directors aim to continue the principal activities undertaken by the Group.

Approved by the board and signed on its behalf by:

R J B Duce Esq

Director

15 July 2021

ABBEY COMMERCIAL INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present their annual report together with the audited financial statements of the company and the group for the year ended 30 June 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B D Foord Esq	(Resigned 22 April 2020)
R J B Duce Esq	
J D Foord Esq	(Resigned 22 April 2020)
A J C Duce Esq	
C A Gray Esq	(Appointed 1 June 2020)

Results and dividends

The results for the year are set out on page 8.

During the year the company declared and paid dividends of £919 in respect of the 4.9% cumulative preference shares and £251,250 in respect of the ordinary shares.

The company also declared dividends of £52,674 in respect of the 'A' ordinary shares for the year.

The directors do not recommend payment of a final dividend.

The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic, and the measures to control its human impact, have resulted in disruptions to economic activity and business operations worldwide, the outcome of which is still uncertain.

At the date of approval of the financial statements, the full impact of the virus is inherently uncertain and the directors are therefore unable to determine a reliable estimate of the financial impact of COVID-19 on the company and group's profitability, liquidity and financial position in the future. However, the directors are pleased to report that they have continued to receive strong support from their lenders throughout the crisis and they believe that the company and group are as well placed as they can be to withstand the uncertainties ahead and to profit from the changes in retail requirements on the High Street and in the residential housing market as the economy.

Auditor

A resolution proposing that Citroen Wells be reappointed as auditors of the company will be put to the Annual General Meeting.

ABBEY COMMERCIAL INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

R J B Duce Esq

Director

15 July 2021

ABBEY COMMERCIAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABBEY COMMERCIAL INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Abbey Commercial Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ABBEY COMMERCIAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABBEY COMMERCIAL INVESTMENTS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ABBAY COMMERCIAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABBAY COMMERCIAL INVESTMENTS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Simou FCA (Senior Statutory Auditor)
For and on behalf of Citroen Wells

30 July 2021

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

ABBAY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	£	£
Revenue	3	7,189,623	7,623,895
Cost of sales		(2,259,806)	(1,098,846)
Gross profit		4,929,817	6,525,049
Administrative expenses		(3,601,230)	(4,176,126)
Other operating income		29,187	16,061
Profit on disposal of investment properties		1,560,989	-
Operating profit	4	2,918,763	2,364,984
Investment income	8	56,818	121,776
Finance costs	10	(2,445,540)	(2,629,120)
Revaluation of investment properties	9	(179,208)	287,717
Profit on disposal of operations		19,866	-
Profit before taxation		370,699	145,357
Tax credit/(charge)	11	153,159	(160,946)
Profit/(loss) and total comprehensive income for the year		523,858	(15,589)
Profit/(loss) and total comprehensive income for the financial year is attributable to:			
- Owners of the parent company		474,136	(15,589)
- Non-controlling interests		49,722	-
		523,858	(15,589)

ABBAY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Goodwill	14		1,581,162		1,781,162
Negative goodwill	14		(339,116)		(339,116)
Net goodwill			1,242,046		1,442,046
Property, plant and equipment	15		11,510,133		12,598,228
Investment properties	16		47,462,513		52,658,915
Investments	17		-		310,934
			60,214,692		67,010,123
Current assets					
Inventories	19	26,324,930		22,162,792	
Trade and other receivables	20	8,897,238		5,748,356	
Cash at bank and in hand		2,504,168		1,756,487	
			37,726,336		29,667,635
Current liabilities	21	(12,516,088)		(11,462,597)	
Net current assets			25,210,248		18,205,038
Total assets less current liabilities			85,424,940		85,215,161
Non-current liabilities	22		(49,205,018)		(49,155,115)
Provisions for liabilities	24		(4,033,836)		(4,055,475)
Net assets			32,186,086		32,004,571

ABBEY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2020

	Notes	2020		2019	
		£	£	£	£
Equity					
Called up share capital	26	200,000		237,500	
Other reserves		15,640,341		11,278,765	
Capital redemption reserve		120,100		120,100	
Retained earnings	27	16,175,923		20,368,206	
Equity attributable to owners of the parent company		32,136,364		32,004,571	
Non-controlling interests		49,722		-	
		32,186,086		32,004,571	

The financial statements were approved by the board of directors and authorised for issue on 15 July 2021 and are signed on its behalf by:

R J B Duce Esq
Director

ABBEY COMMERCIAL INVESTMENTS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investment properties	16	6,392,625		9,678,786	
Investments	17	728,291		1,251,440	
			7,120,916		10,930,226
Current assets					
Trade and other receivables	20	48,478,935		46,599,409	
Cash at bank and in hand		10,762		15,057	
		48,489,697		46,614,466	
Current liabilities	21	(3,477,526)		(3,091,336)	
Net current assets			45,012,171		43,523,130
Total assets less current liabilities			52,133,087		54,453,356
Non-current liabilities	22	(22,032,322)		(24,580,703)	
Provisions for liabilities	24	(1,940,385)		(2,149,445)	
Net assets			28,160,380		27,723,208
Equity					
Called up share capital	26	200,000		237,500	
Other reserves		16,513,059		12,317,932	
Capital redemption reserve		120,000		120,000	
Retained earnings	27	11,327,321		15,047,776	
Total equity			28,160,380		27,723,208

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £779,515 (2019 - £6,924,997 loss).

The financial statements were approved by the board of directors and authorised for issue on 15 July 2021 and are signed on its behalf by:

R J B Duce Esq
Director

Company Registration No. 00442441

ABBEEY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 30 JUNE 2020**

	Share capital	Capital redemption reserve	Other reserves	Retained earnings	Non-controlling interest	Controlling interest	Total
Notes	£	£	£	£	£	£	£
Balance at 1 July 2018	237,500	120,100	11,141,489	20,832,418	32,331,507	-	32,331,507
Year ended 30 June 2019:							
Loss and total comprehensive income for the year	-	-	-	(15,589)	(15,589)	-	(15,589)
Dividends	13	-	-	(311,347)	(311,347)	-	(311,347)
Other movements	-	-	137,276	(137,276)	-	-	-
Balance at 30 June 2019	237,500	120,100	11,278,765	20,368,206	32,004,571	-	32,004,571
Year ended 30 June 2020:							
Profit and total comprehensive income for the year	-	-	-	474,136	474,136	49,722	523,858
Dividends	13	-	-	(304,843)	(304,843)	-	(304,843)
Redemption of shares	26	(37,500)	-	-	(37,500)	-	(37,500)
Other movements	-	-	4,361,576	(4,361,576)	-	-	-
Balance at 30 June 2020	200,000	120,100	15,640,341	16,175,923	32,136,364	49,722	32,186,086

ABBAY COMMERCIAL INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 July 2018		237,500	120,000	12,317,932	22,284,120	34,959,552
Year ended 30 June 2019:						
Loss and total comprehensive income for the year		-	-	-	(6,924,997)	(6,924,997)
Dividends	13	-	-	-	(311,347)	(311,347)
Balance at 30 June 2019		237,500	120,000	12,317,932	15,047,776	27,723,208
Year ended 30 June 2020:						
Profit and total comprehensive income for the year		-	-	-	779,515	779,515
Dividends	13	-	-	-	(304,843)	(304,843)
Redemption of shares	26	(37,500)	-	-	-	(37,500)
Other movements		-	-	4,195,127	(4,195,127)	-
Balance at 30 June 2020		200,000	120,000	16,513,059	11,327,321	28,160,380

ABBAY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	33	715,554	1,310,121
Interest paid		(2,426,495)	(2,414,274)
Income taxes (paid)/refunded		(30,506)	1,298
Net cash outflow from operating activities		(1,741,447)	(1,102,855)
Investing activities			
Proceeds on disposal of property, plant and equipment		820,767	-
Purchase of investment properties		(1,885,450)	(2,925,978)
Proceeds on disposal of investments		630,000	-
Interest received		56,818	121,776
Net cash used in investing activities		(377,865)	(2,804,202)
Financing activities			
Redemption of shares		(37,500)	-
Proceeds of new bank loans		4,982,010	25,456,926
Repayment of bank loans		(2,216,540)	(21,652,573)
Dividends paid to equity shareholders		(309,509)	(309,054)
Dividends paid to non-equity interests		(919)	(1,838)
Net cash generated from financing activities		2,417,542	3,493,461
Net increase/(decrease) in cash and cash equivalents		298,230	(413,596)
Cash and cash equivalents at beginning of year		1,630,744	2,044,340
Cash and cash equivalents at end of year		1,928,974	1,630,744
Relating to:			
Cash at bank and in hand		2,504,168	1,756,487
Bank overdrafts included in creditors payable within one year		(575,194)	(125,743)

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

Company information

Abbey Commercial Investments Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Devonshire House, 1 Devonshire Street, London, W1W 5DR. The business address is at Rock House, Great Casterton Road, Stamford, Lincs, PE9 2YQ.

The group consists of Abbey Commercial Investments Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Abbey Commercial Investments Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June 2020.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

The financial statements of Charlwoods Management Company Limited and Northern ACI Limited have not been consolidated because they are immaterial in the context of the Group's financial statements. Accordingly, these investments are included in these financial statements at cost less any amounts written off for permanent diminution in value.

In the parent company financial statements, investments in subsidiaries are accounted for at cost less impairment.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.4 Revenue

Revenue represents the total invoice value (excluding Value Added Tax where appropriate) of: -

- i) income receivable from the rental of properties;
- ii) disposals of land and properties held as stock;
- iii) income from forestry;
- iv) power generation;
- v) data centre management and operation.

Revenue is recognised as earned when, and to the extent that, the Company and the Group obtain an unconditional right to consideration in exchange for their performance under any contracts or leases. It is derived entirely from the Company's and the Group's principal activities and is stated exclusive of VAT, where appropriate.

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period or a cash contribution to fit out or similar costs, are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis.

Proceeds received on the sale of trading properties are recognised when control of the property transfers to the buyer, i.e. the buyer has the ability to direct the use of the property and the right to the cash inflows and outflows generated by it. This generally occurs on unconditional exchange or on completion.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Tangible fixed assets other than land and buildings held as investment properties are depreciated at rates calculated to write off the cost less estimated residual value of each asset on a systematic basis over its expected useful life, as follows:

Land and buildings Freehold	Nil
Land and buildings Leasehold	Over the life of the lease
Plant and machinery	6.6% to 25% straight line basis
Office equipment, fixtures & fittings	10% to 20% straight line basis
Forestry assets	10% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories comprise land and buildings held for development and are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises the original purchase price and associated costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right.

Group companies surrender tax losses intra-group for no consideration.

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

1 Accounting policies

(Continued)

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Capital reserve

The capital reserve comprises all appreciations and losses realised on the sale of any investment property held by the parent company. The capital reserve is non-distributable.

1.20 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

An analysis of the group's revenue is as follows:

	2020 £	2019 £
Turnover		
Rents receivable	3,673,941	3,883,902
Disposals of land and property held as stock	750,000	515,000
Forestry income	10,006	7,384
Power generation	2,605,733	2,718,469
Construction services and other activities	149,943	499,140
	<u>7,189,623</u>	<u>7,623,895</u>
Grants received	<u>13,718</u>	<u>-</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

3 Revenue (Continued)

Revenue analysed by geographical market

	2020	2019
	£	£
Europe	162,322	313,090
UK	7,027,301	7,310,805
	<u>7,189,623</u>	<u>7,623,895</u>

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Loss on foreign exchange	-	23,125
Government grants	(13,718)	-
Depreciation of owned property, plant and equipment	636,080	676,089
Impairment of owned property, plant and equipment	56,159	-
Profit on disposal of property, plant and equipment	(47,949)	-
Amortisation of intangible assets	200,000	200,000
Operating lease charges	517,382	503,269
	<u>517,382</u>	<u>503,269</u>

5 Employees

The average monthly number of persons (including directors) employed by the group and the company during the year was:

	Group	2019	Company	2019
	2020	Number	2020	Number
	Number		Number	
Management and administration	8	8	6	6
	<u>8</u>	<u>8</u>	<u>6</u>	<u>6</u>

Their aggregate remuneration comprised:

	Group	2019	Company	2019
	2020	£	2020	£
	£		£	
Wages and salaries	231,073	300,497	231,073	254,684
Social security costs	25,075	32,802	25,075	28,821
	<u>256,148</u>	<u>333,299</u>	<u>256,148</u>	<u>283,505</u>

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

6 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30,000	30,000
Audit of the financial statements of the company's subsidiaries	41,000	41,000
	<u>71,000</u>	<u>71,000</u>
For other services		
All other non-audit services	45,156	77,857
	<u>45,156</u>	<u>77,857</u>

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	136,668	160,000
	<u>136,668</u>	<u>160,000</u>

8 Investment income

	2020	2019
	£	£
Interest income		
Bank interest	695	608
Other interest	56,123	121,168
	<u>56,818</u>	<u>121,776</u>
Total income	<u>56,818</u>	<u>121,776</u>

9 Other gains and losses

	2020	2019
	£	£
Net change in the fair value of investment properties	(179,208)	287,717
	<u>(179,208)</u>	<u>287,717</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

10 Finance costs

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,241,855	2,346,780
Interest on finance leases and hire purchase contracts	102,730	95,188
Other interest	17,241	49,546
	<u>2,361,826</u>	<u>2,491,514</u>
Other finance costs:		
Movement in provisions against loans	-	67,629
Movement on interest rate swap valuations	83,714	69,977
	<u>83,714</u>	<u>69,977</u>
Total finance costs	<u><u>2,445,540</u></u>	<u><u>2,629,120</u></u>

11 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	50	-
Adjustments in respect of prior periods	(83,400)	19,555
	<u>(83,350)</u>	<u>19,555</u>
Total current tax	<u><u>(83,350)</u></u>	<u><u>19,555</u></u>
Deferred tax		
Origination and reversal of timing differences	(69,809)	141,391
	<u>(69,809)</u>	<u>141,391</u>
Total tax (credit)/charge	<u><u>(153,159)</u></u>	<u><u>160,946</u></u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

11 Taxation

(Continued)

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	370,699	145,357
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	70,433	27,618
Tax effect of expenses that are not deductible in determining taxable profit	182,597	547,644
Gains not taxable	(435,574)	(660,198)
Tax effect of utilisation of tax losses not previously recognised	(49,408)	(42,909)
Unutilised tax losses carried forward	385,120	261,383
Permanent capital allowances in excess of depreciation	(134,974)	(168,488)
Other permanent differences	(18,144)	34,950
Under/(over) provided in prior years	(83,400)	19,555
Deferred tax movement	(69,809)	141,391
Taxation (credit)/charge for the year	(153,159)	160,946

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	15	56,159	-
Recognised in:			
Administrative expenses		56,159	-

ABBHEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

13 Dividends

	2020 £	2019 £
Dividends declared and payable in respect of 4.9% Cumulative Preference Shares (non-equity shares)	919	1,838
Dividends declared and payable in respect of 'A' Ordinary Shares (equity shares)	52,674	58,259
Dividends declared and payable in respect of Ordinary Shares (equity shares)	251,250	251,250
	<u>304,843</u>	<u>311,347</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

14 Intangible fixed assets

Group	Positive Goodwill £	Negative goodwill £	Total £
Cost			
At 1 July 2019	3,096,778	(5,251,764)	(2,154,986)
Disposals	(37,500)	-	(37,500)
At 30 June 2020	3,059,278	(5,251,764)	(2,192,486)
Amortisation and impairment			
At 1 July 2019	1,315,616	(4,912,648)	(3,597,032)
Amortisation charged	200,000	-	200,000
Disposals	(37,500)	-	(37,500)
At 30 June 2020	1,478,116	(4,912,648)	(3,434,532)
Carrying amount			
At 30 June 2020	1,581,162	(339,116)	1,242,046
At 30 June 2019	1,781,162	(339,116)	1,442,046

Company

The company had no intangible fixed assets at 30 June 2020 or 30 June 2019.

ABBEEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2020**

15 Property, plant and equipment									
Group		Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery fixtures & fittings	Office equipment, fittings	Forestry assets	Total		
Cost		£	£	£	£	£	£		
At 1 July 2019		358,197	357,500	15,762,145	337,045	142,492	16,957,379		
Additions		-	-	3,000	-	-	3,000		
Disposals		-	-	(469,075)	(50,038)	(142,492)	(661,605)		
At 30 June 2020		358,197	357,500	15,296,070	287,007	-	16,298,774		
Depreciation and impairment									
At 1 July 2019		-	150,356	3,807,296	259,007	142,492	4,359,151		
Depreciation charged in the year		-	28,624	583,456	24,000	-	636,080		
Impairment losses		-	-	56,159	-	-	56,159		
Eliminated in respect of disposals		-	-	(120,257)	-	(142,492)	(262,749)		
At 30 June 2020		-	178,980	4,326,654	283,007	-	4,788,641		
Carrying amount									
At 30 June 2020		358,197	178,520	10,969,416	4,000	-	11,510,133		
At 30 June 2019		358,197	207,144	11,954,849	78,038	-	12,598,228		

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

15 Property, plant and equipment

Company	Forestry assets
	£
Cost	
At 1 July 2019	142,492
Disposals	(142,492)
	<hr/>
At 30 June 2020	-
	<hr/>
Depreciation and impairment	
At 1 July 2019	142,492
Eliminated in respect of disposals	(142,492)
	<hr/>
At 30 June 2020	-
	<hr/>
Carrying amount	
At 30 June 2020	-
	<hr/> <hr/>

16 Investment property

	Group 2020	Company 2020
	£	£
Fair value		
At 1 July 2019	52,658,915	9,678,786
Additions through external acquisition	1,791,201	40,450
Disposals	(6,808,395)	(3,326,611)
Net gains or losses through fair value adjustments	(179,208)	-
	<hr/>	<hr/>
At 30 June 2020	47,462,513	6,392,625
	<hr/> <hr/>	<hr/> <hr/>

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Cost	37,397,604	37,482,668	1,714,831	2,366,854
Accumulated depreciation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount	37,397,604	37,482,668	1,714,831	2,366,854
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

17 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	18	-	-	728,291	940,506
Unlisted investments		-	310,934	-	310,934
		-	310,934	728,291	1,251,440

Movements in non-current investments

Group	Shares £
Cost or valuation	
At 1 July 2019	310,934
Disposals	(310,934)
At 30 June 2020	-
Carrying amount	
At 30 June 2020	-
At 30 June 2019	310,934

Movements in non-current investments

Company	Shares £
Cost or valuation	
At 1 July 2019	1,251,440
Impairment made in year	(174,630)
Disposals	(348,519)
At 30 June 2020	728,291
Carrying amount	
At 30 June 2020	728,291
At 30 June 2019	1,251,440

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

18 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Abbey Commercial Developments Limited *	Property development & investment	Ordinary	100.00	0
Abbey Heat and Power Co Limited *	Production of energy	Ordinary	75.00	0
Abbey Power Investments Limited *	Holding company	Ordinary	75.00	0
Abbey Power Reserve Limited *	Dormant	Ordinary	0	51.00
Abbey Power Solutions Limited *	Holding company	Ordinary	0	75.00
Belwin Limited *	Property development	Ordinary	0	100.00
Benchmark Leisure Limited	Property development & investment	Ordinary	0	100.00
Benchmark Properties Limited *	Property development	Ordinary	100.00	0
BLL Investments Limited *	Holding company	Ordinary	100.00	0
Charlwoods Management Company Limited	Management of real estate	Ordinary	28.00	0
Croft Commercial Developments Limited *	Property development & investment	Ordinary	0	100.00
Harp Business Centre Limited *	Property investment	Ordinary	100.00	0
Rufus Properties Limited *	Property development	Ordinary	100.00	0
SPEP Limited *	Production of energy	Ordinary	0	75.00
Northern ACI Limited*	Dormant	Ordinary	100.00	0
Sutherland Walk Developments Limited *	Property development	Ordinary	100.00	0
The Abbey Group Development Company Ltd	Property development	Ordinary	100.00	0
Scarborough Water Park Hotel Limited*	Property development	Ordinary	100.00	0
Abbey Commercial Investments 2 Limited*	Holding company	Ordinary	100.00	0
The Stamford Walk Development Co. Limited*	Dormant	Ordinary	100.00	0
Abbey Investment Holdings Limited*	Property investment	Ordinary	0	100.00
PH1 Property Developments Limited *	Property development	Ordinary	100.00	0

The registered office of the subsidiaries marked with * is at Devonshire House, 1 Devonshire Street, London, W1W 5DR.

The registered office of the remaining subsidiaries is as follows:

- Benchmark Leisure Limited and The Abbey Group Development Company Limited: Rock House, Scotgate, Stamford, Lincolnshire, England, PE9 2YQ
- Charlwoods Management Company Limited: Carlton House, 28-29 Carlton Terrace, Portslade, East Sussex, BN11 1UR

The company also has an interest and effective control of Sovereign Property Partners LLP, which is involved in the production of energy. Its results are also consolidated.

ABBEEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

19 Inventories

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	-	10,000	-	-
Land and development properties	26,324,930	22,152,792	-	-
	<u>26,324,930</u>	<u>22,162,792</u>	<u>-</u>	<u>-</u>

20 Trade and other receivables

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade receivables	814,350	1,089,548	50,515	54,537
Corporation tax recoverable	908	908	-	-
Amounts owed by group undertakings	-	-	43,458,349	44,804,475
Other receivables	6,898,892	3,162,260	4,913,582	1,684,110
Prepayments and accrued income	1,129,145	1,449,133	56,489	56,287
	<u>8,843,295</u>	<u>5,701,849</u>	<u>48,478,935</u>	<u>46,599,409</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 25)	53,943	46,507	-	-
	<u>53,943</u>	<u>46,507</u>	<u>-</u>	<u>-</u>
Total debtors	<u>8,897,238</u>	<u>5,748,356</u>	<u>48,478,935</u>	<u>46,599,409</u>

21 Current liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	23	4,066,639	2,884,638	455,158	51,851
Trade payables		3,491,274	2,738,484	165,818	180,495
Amounts owed to group undertakings		237,954	-	1,603,478	1,924,789
Corporation tax payable		525,603	630,953	-	-
Other taxation and social security		609,749	233,154	39,649	9,642
Dividends payable		52,674	58,259	52,674	58,259
Other payables		1,992,977	1,632,830	809,071	469,473
Accruals and deferred income		1,539,218	3,284,279	351,678	396,827
		<u>12,516,088</u>	<u>11,462,597</u>	<u>3,477,526</u>	<u>3,091,336</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

22 Non-current liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	23	41,280,233	49,155,115	22,032,322	24,580,703
Other borrowings	23	7,924,785	-	-	-
		<u>49,205,018</u>	<u>49,155,115</u>	<u>22,032,322</u>	<u>24,580,703</u>

23 Borrowings

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	44,771,678	51,914,010	22,032,322	24,580,703
Bank overdrafts	575,194	125,743	455,158	51,851
Other loans	7,924,785	-	-	-
	<u>53,271,657</u>	<u>52,039,753</u>	<u>22,487,480</u>	<u>24,632,554</u>
Payable within one year	4,066,639	2,884,638	455,158	51,851
Payable after one year	<u>49,205,018</u>	<u>49,155,115</u>	<u>22,032,322</u>	<u>24,580,703</u>

The bank loans outstanding as at 30 June 2020 were as follows: -

Company

A loan of £22,032,322 with Lloyds Bank Plc is secured by a charge over certain of the company's and the group's properties. The loan carries interest at a variable rate of 3.00% above LIBOR and is repayable on 28 February 2022.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

23 Borrowings

(Continued)

Group

A loan of £13,695,589 with Arbutnot Latham & Co. Limited provided to Abbey Commercial Developments Limited, Harp Business Centre Limited, and Rufus Properties Limited on a cross-charged, cross-collateralised basis. The loan is principally secured by a fixed and floating charge over the properties owned by these companies. The loan carries interest at a variable rate of 3.50% above the base rate and is repayable on 26 April 2023.

Abbey Power Solutions Limited ('APS') has a loan of £7,208,407 with Royal Bank of Scotland Plc that is secured by a fixed and floating charge over all the assets and undertakings of APS and those of SPEP Limited and Sovereign Property Partners LLP. The loan carries interest at a rate of 3.25%. The final repayment date for the loan is 31 December 2024.

Abbey Investment Holdings Limited ('AIH') has a loan of £1,088,000 with Lazari Finance 2 Limited that is secured by a fixed and floating charge over all property and assets owned by AIH. The loan carries interest at a rate of 3.50% above LIBOR. The loan is repayable in full in March 2024.

Scarborough Water Park Hotel Limited ('SWPH') has a loan of £6,836,785 with Lazari Finance 2 Limited that is secured by a fixed and floating charge over all property and assets owned by SWPH. The loan carries interest at a rate of 4.50% above LIBOR. The loan is repayable in full in October 2022.

PH1 Property Developments Limited ('PH1') has a loan of £1,835,360 with Close Bros Limited that is secured by a fixed and floating charge over all property and assets owned by PH1. The loan carries interest at a rate of 5.00% above LIBOR. The loan is repayable on demand from 6 April 2021 onwards.

24 Provisions for liabilities

		Group		Company	
		2020	2019	2020	2019
	Notes	£	£	£	£
Interest rate swap liabilities		2,115,484	2,066,244	1,485,939	1,538,052
Deferred tax liabilities	25	1,918,352	1,989,231	454,446	611,393
		<u>4,033,836</u>	<u>4,055,475</u>	<u>1,940,385</u>	<u>2,149,445</u>

Movements on provisions apart from deferred tax liabilities:

	Interest rate swap liabilities
Group	£
At 1 July 2019	2,066,244
Adjustments to provisions	49,240
At 30 June 2020	<u>2,115,484</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

24 Provisions for liabilities

(Continued)

	Interest rate swap liabilities
Company	£
At 1 July 2019	1,538,052
Adjustments to provisions	(52,113)
	<hr/>
At 30 June 2020	1,485,939
	<hr/> <hr/>

Under the terms of the group's loan financing arrangements, it is sometimes required to enter into interest rate swap agreements in order to mitigate its interest rate risk. However, as interest rates have remained low over recent years the swap agreements have become onerous and the above provisions represent the estimated amount the company and the group would need to pay in order to cancel the swaps at the year end.

25 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Revaluations	1,288,492	1,469,649	-	-
Capital allowances	639,955	565,501	-	-
Heldover gains	82,179	69,423	-	-
Interest rate swap transitional spreading	(92,274)	(115,342)	53,943	46,507
	<hr/>	<hr/>	<hr/>	<hr/>
	1,918,352	1,989,231	53,943	46,507
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Company				
Revaluations	546,720	726,735	-	-
Interest rate swap transitional spreading	(92,274)	(115,342)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	454,446	611,393	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The expected net reversal of deferred tax assets and liabilities cannot be reliably estimated, with the exception of the asset recognised in connection with the interest rate swap transitional spreading, which will be released on a straight line basis over the next 5 years.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

26 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
180,000 Ordinary Shares of £1 each	180,000	180,000
20,000 'A' Ordinary Shares of £1 each	20,000	20,000
	<u>200,000</u>	<u>200,000</u>
Preference share capital		
Issued and fully paid		
4.9% Cumulative Preference Shares of £1 each	0	37,500
	<u>0</u>	<u>37,500</u>
Total called up share capital	<u>200,000</u>	<u>237,500</u>

Shareholders' rights

'A' Ordinary Shares of £1 each

The 'A' ordinary shareholders are entitled to a cumulative preferential dividend of a sum equal to 1.5% of the group's gross rental income. The dividend entitlement ranks after that of the preference shareholders but is in priority to the ordinary shareholders. The 'A' ordinary shareholders are entitled on a winding up or otherwise, to a repayment of paid up capital and outstanding dividends, in priority to the ordinary shareholders but after the preference shareholders.

These shares have the same voting rights at general meetings as ordinary shares.

4.9% Cumulative Preference Shares of £1 each

The cumulative preference shareholders were entitled to a fixed cumulative preferential dividend at a rate of 4.9% per annum on paid up capital.

The shareholders were entitled on a winding-up or otherwise, to a repayment of paid up capital and outstanding dividends, in priority to the 'A' ordinary and ordinary shareholders.

Cumulative preference shareholders were not entitled to attend and vote at any General meeting unless the Company had failed to pay any dividends by the prescribed time, in which case, each shareholder had one vote for every £1 in nominal amount of shares held.

The cumulative preference shares were redeemed during the year.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

27 Reserves

The retained earnings carried forward at 30 June 2020 comprise of the following:

	Group £	Company £
Distributable reserves	8,126,549	4,562,109
Non distributable reserves	8,049,374	6,765,212
	<u>16,175,923</u>	<u>11,327,321</u>

Movement in fair value reserve

Group	2020 £	2019 £
At beginning of year	13,269,603	13,205,144
Fair value movement on investment properties	(179,208)	287,717
Realised in year	(3,752,529)	(223,258)
	<u>9,337,866</u>	<u>13,269,603</u>
	<u>9,337,866</u>	<u>13,269,603</u>
Company		
At beginning of year	7,311,932	7,337,780
Realised in year	-	(25,848)
	<u>7,311,932</u>	<u>7,311,932</u>
	<u>7,311,932</u>	<u>7,311,932</u>

28 Financial commitments, guarantees and contingent liabilities

At the year end, the Group had the following financial commitments, guarantees and contingent liabilities:-

Benchmark Leisure Limited and Scarborough Water Park Hotel Limited had an obligation to Scarborough Borough Council to ring fence £1.498M to continue the redevelopment of north bay Scarborough as part of a joint venture agreement with the Council. However, this obligation is contingent on profits being made on the sale of an existing development being undertaken by Scarborough Water Park Hotel Limited which is uncertain at this time.

Benchmark Properties Limited had guaranteed, on an unlimited basis, all of the obligations of Benchmark Leisure Limited under the various agreements between Benchmark Leisure Limited and Scarborough Borough Council.

Abbey Commercial Investments Limited had granted a £1M guarantee to cover the obligations of Benchmark Leisure Limited under a lease it has with Scarborough Borough Council.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

29 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	475,450	475,450	-	-
Between two and five years	1,846,967	1,863,417	-	-
In over five years	11,623,375	12,101,375	-	-
	<u>13,945,792</u>	<u>14,440,242</u>	<u>-</u>	<u>-</u>

30 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	<u>136,668</u>	<u>160,000</u>

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

31 Directors' transactions

Mr B D Foord is a partner in The Foord Partnership. During the year, the Group was charged in aggregate £100,000 (2019: £30,000) for services supplied to it by the partnership. At the year end, there was an aggregate amount due to the partnership of £nil (2019: £46,000).

At the end of the previous year, there was an amount due to Mr B D Foord of £10,000.

Mr A J C Duce has an interest in ADD Renewables No. 2 Ltd ('ADD'). At the year end, ADD was indebted to the Group in the amount of £50,000 (2019: £50,000). This amount is unsecured, interest free and repayable on demand.

Mr A J C Duce has an interest in Connections AD Limited ('CAD'). During the year, the Group was charged in aggregate £81,067 (2019: £103,426) for services supplied to it by CAD.

At the year end, the Group was indebted to Mr A J C Duce in the aggregate amount of £1,445 (2019: £1,941).

Mr R J B Duce has an interest in Thurgarton Priory Investments Ltd ('TPI'), Thurgarton Priory Estates Limited ('TPE') and Thurgarton Priory Developments Limited ('TPD'). At the year end, TPD, TPE and TPI were indebted to the Group in the aggregate amount of £252,411 (2019: £252,411). This amount is unsecured, interest free and repayable on demand.

Mr R J B Duce has an interest in Strategic Resources Limited ('SRL'). At the year end, SRL was indebted to the Group in the aggregate amount of £354,230 (2019: £313,729). This amount is unsecured, interest free and repayable on demand.

Dividends totalling £114,458 (2019: £114,458) were paid to SRL during the year.

Mr R J B Duce has an interest in Architectural Design & Systems Limited ('ADS'). During the year, the Group was charged in aggregate £42,000 (2019: £42,000) for services supplied to it by ADS. At the year end, ADS was indebted to the Group in the aggregate amount of £30,000 (2019: £nil). This amount is unsecured, interest free and repayable on demand.

Mr R J B Duce has an interest in Abbey Power Generation Limited ('APG'). At the year end, APG was indebted to the Group in the aggregate amount of £1,233,630 (2019: £1,501,279). This amount is unsecured and repayable on demand. During the year, there was interest charged to APG of £53,696 (2019: £60,416).

At the year end, Mr R J B Duce was indebted to the Group in the aggregate amount of £5,632 (2019: £5,632). This amount is unsecured and repayable on demand.

Mr R J B Duce and Mr B D Foord and their families have an interest in Tatonic Limited ('Tatonic'). At the year end, the Group was indebted to Tatonic in the amount of £495,749 (2019: £426,828). This amount is unsecured, interest free and repayable on demand. Dividends totalling £58,259 (2019: £57,804) were paid to Tatonic during the year and dividends of £52,674 (2019: £58,259) were declared as payable. Interest of £14,674 (2019: £14,240) was payable to Tatonic during the year.

Dividends totalling £114,458 (2019: £114,458) were paid to Mr J D Foord, Mrs P F Foord (the wife of Mr B D Foord) and their family trusts during the year.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

32 Controlling party

The company regards Libraco Acquisition Limited, a company incorporated in England and Wales, as its parent undertaking. The ultimate controlling party is Mr R J B Duce.

33 Cash generated from group operations

	2020	2019
	£	£
Profit/(loss) for the year after tax	523,858	(15,589)
Adjustments for:		
Taxation (credited)/charged	(153,159)	160,946
Finance costs	2,445,540	2,629,120
Investment income	(56,818)	(121,776)
Gain on disposal of property, plant and equipment	(47,949)	-
Gain on disposal of investment property	(365,389)	-
Amortisation and impairment of intangible assets	200,000	200,000
Depreciation and impairment of property, plant and equipment	623,915	676,089
Gain on sale of investments	(1,195,600)	-
Other gains and losses	179,208	(287,717)
Profit on disposal of operations	(19,866)	-
Movements in working capital:		
(Increase) in inventories	(4,162,138)	(2,753,309)
(Increase) in trade and other receivables	(252,679)	(1,123,975)
Increase in trade and other payables	2,996,631	1,946,332
Cash generated from operations	715,554	1,310,121

34 Analysis of changes in net debt - group

	1 July 2019	Cash flows	30 June 2020
	£	£	£
Cash at bank and in hand	1,756,487	747,681	2,504,168
Bank overdrafts	(125,743)	(449,451)	(575,194)
	<u>1,630,744</u>	<u>298,230</u>	<u>1,928,974</u>
Borrowings excluding overdrafts	(51,914,010)	(782,453)	(52,696,463)
	<u>(50,283,266)</u>	<u>(484,223)</u>	<u>(50,767,489)</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

35 Analysis of changes in net debt - company

	1 July 2019	Cash flows	30 June 2020
	£	£	£
Cash at bank and in hand	15,057	(4,295)	10,762
Bank overdrafts	(51,851)	(403,307)	(455,158)
	<u>(36,794)</u>	<u>(407,602)</u>	<u>(444,396)</u>
Borrowings excluding overdrafts	(24,580,703)	2,548,381	(22,032,322)
	<u>(24,617,497)</u>	<u>2,140,779</u>	<u>(22,476,718)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.